

Message Text

LIMITED OFFICIAL USE

PAGE 01 KARACH 01111 101205Z

50

ACTION COME-00

INFO OCT-01 NEA-10 ISO-00 EB-07 XMB-02 OPIC-03 CIAE-00

INR-07 NSAE-00 FRB-03 TRSE-00 OMB-01 /034 W

----- 115133

R 101055Z JUN 75

FM AMCONSUL KARACHI

TO SECSTATE WASHDC 8923

INFO AMEMBASSY ISLAMABAD

LIMITED OFFICIAL USE KARACHI 1111

E. O. 11652: N/A

TAGS: BEXP, PK

SUBJECT: CHEMTEX PROPOSAL FOR POLYESTER FIBER PLANT

REF: (A) STATE 128755; (B) KARACHI 0999

SUMMARY: CHEMTEX EXEC FRANK TONNIES VISITED KARACHI JUNE 4-8 AND PRESENTED NEW AND MORE FAVORABLE ECONOMICS FOR SIMPLIFIED CHEMTEX/DUPONT (C/D) POLYESTER PLANT, WHICH HAS RESULTED IN LOWER COST PER POUND FOR C/D POLYESTER FIBER THAN FROM PROPOSED PLANT OF LURGI-INVENTA COMPETITORS. TWO FCCC OFFICIALS WILL VISIT DUPONT AND ROHM HAAS PLANTS IN US STARTING JUNE 15 AND CHEMTEX TEAM WILL RETURN TO KARACHI JUNE 27 FOR FINAL NEGOTIATIONS. FCCC OFFICIALS HERE CONTINUE FAVOR C/D PROPOSAL BECAUSE OF BETTER TECHNOLOGY AND BACKUP FACILITIES WHICH CHEMTEX ABLE TO PROVIDE. WE BELIEVE CHANCES GOOD THAT C/D WILL LAND PROJECT IN NEGOTIATIONS AT END OF JUNE. END SUMMARY

1. CHEMTEX TECHINCAL DIRECTOR FRANK TONNIES RETURNED TO KARACHI JUNE 4 ACCOMPANIED BY DPO, HE CALLED ON FCCC CHAIRMAN MAHMOOD AHMED JUNE 5. TONNIES SPENT NEXT TWO DAYS WITH PROJECT OFFICERS OF FCCC DEVELOPING NEW AND MORE FAVORABLE ECONOMICS FOR CHEMTEX PROPOSAL BASED ON ELIMINATION TPA AS ALTERNATE BASIC FEEDSTOCK WHICH IN TURN WILL ELIMINATE ROYALTY PAYMENTS TO JAPANESE FIRM TORAY FOR THIS

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 KARACH 01111 101205Z

PROCESS. ACCORDING REVISED PLANS, PLANT WOULD BE CAPABLE

OF PRODUCING 45.8 TONS PER DAY OF STAPLE AND FILAMENT FROM DMT FEEDSTOCK, COMPARED WITH ONLY 38.1 TONS PER DAY ACCORDING EARLIER PLANS. TONNIES HAS THUS REDUCED PROJECTED COST PER POUND OF FIBER TO BE PRODUCED BY C/D PLANT FROM 96 CENTS PER POUND TO ABOUT 85 CENTS, WHICH NOW ABOUT TWO CENTS LESS THAN COST OF FIBER FROM PROPOSED LURGI-INVENTA PLANT. HE HAS ALSO REDUCED PROJECTED OVERALL (FX AND LOCAL) COST OF PROJECT FROM ORIGINAL \$47.3 MILLION TO \$43 MILLION.

2. MINISTER OF INDUSTRIES RAFI RAZA HAS NOW APPROVED VISIT TO DUPONT AND ROHM AND HAAS PLANTS IN USA, IN RESPONSE TO CHEMTEX INVITATION (SEE REF B), FOR DR. MUSHFIQ CHAUDHRY (MEMBER OF ORIGINAL BID EVALUATION COMMITTEE WHO FAVORABLY DISPOSED TO C/D OFFER) AND ONE OTHER OFFICIAL. THEY WILL SPEND WEEK OF JUNE 15 IN US, RETURNING VIA EUROPE TO VISIT LURGI-INVENTA PLANT. THEIR VISIT WILL BE FOLLOWED BY RETURN TO KARACHI JUNE 27 OF A CHEMTEX NEGOTIATING TEAM, WHICH WILL BE READY, AS CHEMTEX HAS ALREADY INFORMED FCCC, TO MAKE "MEANINGFUL CONCESSIONS" ON ORIGINAL OFFER FOR PLANT AND TECHNOLOGY, WHICH TOTALED SLIGHTLY OVER \$26 MILLION.

3. COMMENT: WITH BOTH CHEMTEX AND FCCC STRIVING SOLVE REMAINING TECHNICAL AND FINANCIAL DIFFERENCES WE BELIEVE CHANCES FOR SATISFACTORY NEGOTIATIONS AT THE END OF JUNE TO BE EXCELLENT. FCCC CONTINUES WORK UNDER JUNE 30 DEADLINE FOR COMPLETION NEGOTIATIONS AND SIGNATURE OF PRELIMINARY CONTRACT.

TIGER

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 10 JUN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: buchant0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975KARACH01111
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750202-0037
From: KARACHI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750665/aaaachlq.tel
Line Count: 90
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION COME
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 STATE 128755, 75 KARACHI 0999
Review Action: RELEASED, APPROVED
Review Authority: buchant0
Review Comment: n/a
Review Content Flags:
Review Date: 19 AUG 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <19 AUG 2003 by ellisoob>; APPROVED <04 DEC 2003 by buchant0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CHEMTEx PROPOSAL FOR POLYESTER FIBER PLANT
TAGS: BEXP, PK
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006